



**ALABAMA'S
PREPAID AFFORDABLE COLLEGE TUITION
PROGRAM**

**ANNUAL ACTUARIAL VALUATION
SEPTEMBER 30, 2007**

Prepared by
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January 31, 2008

Board of Trustees
Alabama's Prepaid Affordable College Tuition Trust Fund
State Treasurer's Office
600 Dexter Avenue, Suite S-106
Montgomery, Alabama 36104

Ladies and Gentlemen:

We have completed our actuarial analysis of Alabama's Prepaid Affordable College Tuition Trust Fund ("the Fund") as of September 30, 2007. This report presents our findings with respect to the Fund's expected cash flows and the status of the Fund.

This analysis of the funding of the Fund was prepared for the Board in accordance with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

The purpose of our actuarial analysis is to provide a long-term view of the Fund's assets and liabilities. Because the Fund undertakes liabilities that in some cases will not be paid out until over 20 years in the future, such a long-term analysis is critical to the proper management of the Fund.

As of September 30, 2007, the expected value of all liabilities is \$971,599,170 and the market value of assets is \$951,857,490, resulting in an actuarial deficit of \$19,741,680. Liabilities are 97.6% funded.

We caution you in interpreting these results to keep in mind that this deficit is an actuarial deficit. Our projections are based on a number of uncertain assumptions, including the future course of tuition increases in Alabama and returns on the Fund's assets. Actual events may vary significantly from our projections – either better or worse than our projections. These variances may result in material changes to future actuarial analyses.

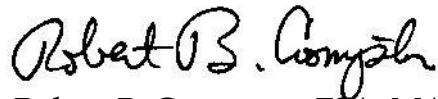
The actuarial status will change from year to year due to positive and negative cash flows and due to the change in the present value of future contract usage caused by the passage of time. The actuarial status will also change due to the variance of experience from the assumptions. These variances include tuition increases, investment income, and timing of benefit payments.

A more complete understanding of this "point-in-time" approach can be gained by reviewing prior years' actuarial reports and analyzing how the surplus and deficit amounts have changed over time. In addition, this report should be read in its entirety so that our projections can be properly interpreted.

* * * * *

We appreciate the opportunity to serve the State of Alabama. Any questions about the report should be directed to me at (770) 752-5656.

Very truly yours,

A handwritten signature in black ink that reads "Robert B. Crompton". The signature is written in a cursive, flowing style.

Robert B. Crompton, FSA, MAAA

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I. EXECUTIVE SUMMARY

The following are the key findings of our analysis.

Status of the Fund

As of September 30, 2007, the Fund's liabilities exceed its assets by \$19,741,680.

Item	Value as of September 30, 2007
Total Assets	\$951,857,490
Total Liabilities	\$971,599,170
Actuarial Deficit	(\$19,741,680)
Funding Ratio	97.6%

Key economic assumptions are listed below.

Key Assumptions		
Yield on Investments		
2007/08 – 2011/12	(5 years)	8.07%
2012/13 & later		8.50%
Tuition Inflation		
2-Year colleges		7.25%
4-Year colleges & universities		7.25%

The assumption for investment returns is composed of two pieces. The assumption for the first five years was based on the recommendation of the Fund's investment consultant, Callan Associates, Inc. The assumption for later years was based on historical norms for the target asset mix combined with the Fund's actual historical returns.

The tuition inflation assumptions are based on a combination of statistical models of tuition increases and on actuarial judgment. Our statistical models also use information from the past 25 years. The rates shown in the table above represent our long-term average estimate of tuition inflation

Please see the *Actuarial Methods and Assumptions* section on page 6 for a more detailed discussion of these items.

A summary balance sheet as of September 30, 2007 is shown in the table below.

Value as of September 30, 2007		Assets and Liabilities
Assets		
Short term assets		\$ 38,535,954
Fixed Income Securities		
Domestic	146,624,348	
International	18,654,973	
Derivatives	<u>34,989,546</u>	
Total Fixed Income		200,268,867
Equities		
Domestic	405,215,434	
International	<u>179,198,821</u>	
Total Equities		584,414,255
Securities Lending Collateral		71,259,169
Accrued Interest		2,382,986
Recoverable Taxes		375,799
Receivables		1,311,259
Equipment		<u>- 0 -</u>
Total Short-term & Invested Assets		898,548,289
Actuarial Value of Future Contract Revenue		
Gross	54,334,968	
Less Administrative Fees	<u>1,025,767</u>	
Net Contract Revenues		<u>53,309,201</u>
Total Assets		<u>\$951,857,490</u>
Liabilities and Deficit		
Actuarial Value of Future Benefits		\$836,909,570
Other Liabilities		<u>134,689,600</u>
Total Liabilities		971,599,170
Actuarial Deficit		<u>(19,741,680)</u>
Total Liabilities and Deficit		<u>\$951,857,490</u>
Net Assets Available for Benefits		\$763,858,689
Funded Ratio		97.6%
Funded ratio = (net assets available + net contract revenues) ÷ actuarial Liabilities		

II. RELIANCES & COMPLIANCE WITH ACTUARIAL STANDARDS OF PRACTICE

In making the projections on which this report is based, we relied on the following information as indicated below.

- Weighted Average Tuition at Alabama colleges and universities, including headcounts as of September 30, 2006, supplied by the Alabama Commission on Higher Education.
- Market value of assets of the Trust Fund, supplied by PACT personnel.
- Actual inventory of contracts by category, enrollment period, payment method and anticipated matriculation year, supplied by the PACT records administrator, HealthData, Inc.
- Information regarding likely future investment returns on the Trust Fund, supplied by the Fund's investment consultant, Callan Associates, Inc.
- Assumptions regarding the Fund's anticipated asset allocation are derived from the Fund's Investment Policy Statement.

There are no actuarial standards of practice that apply specifically to prepaid tuition plans. However, there are two general standards that we believe apply:

- Actuarial Standard of Practice #23 "Data Quality". This standard sets guidelines on review of data supplied by a third-party. We have performed reasonableness and consistency checks on the data supplied to us by the records administrator, and are in compliance with this standard. Our review of the data was not an audit of the data.
- Actuarial Standard of Practice #41 "Actuarial Communications". This standard sets general guidelines for actuarial communications. This report is in compliance with this standard.

III. SUMMARY OF PARTICIPANT DATA AND INVESTED ASSETS

Contract Data

Data on the number of outstanding contracts and payments was provided by the Fund's records administrator, HealthData, Inc. The tables below summarize the data provided concerning this.

Distribution of Active Contracts by Projected First Year in College			
Projected Year of College Enrollment	Number of Contracts	Projected Year of College Enrollment	Number of Contracts
Prior to 2000	944	2013	2,583
2000	710	2014	2,262
2001	963	2015	2,118
2002	1,221	2016	1,901
2003	1,985	2017	1,742
2004	2,620	2018	1,609
2005	2,986	2019	1,441
2006	3,138	2020	1,133
2007	3,182	2021	940
2008	3,178	2022	586
2009	3,215	2023	419
2010	3,071	2024	308
2011	2,900	2025	60
2012	2,808		
Total Contracts			50,023

Distribution of Contracts by Year of Purchase			
Year of Purchase	Number of Contracts	Year of Purchase	Number of Contracts
1990	14,582	1999	2,531
1991	7,084	2000	2,979
1992	6,485	2001	3,792
1993	5,228	2002	3,730
1994	4,807	2003	2,258
1995	4,772	2004	1,605
1998	4,332	2005	1,192
1997	3,597	2006	1,277
1998	3,419		
Total Contracts			73,670

Assets

Fund Assets

The total market value of assets held (exclusive of contract receivables) as of September 30, 2007 is \$899,031,838. The allocation of these assets is shown in the table below.

Market value of assets held as of September 30, 2007		
	<u>Amount</u>	<u>% Of Total</u>
Short-term Assets	\$38,535,954	4.3%
Fixed Income	200,268,867	22.3%
Equities	584,414,255	65.0%
All Other Assets Held in Funds	<u>75,329,213</u>	<u>8.4%</u>
TOTAL	<u>\$898,548,289</u>	<u>100.0%</u>

Investment Strategy

The Fund's Investment Policy states, "A strategic asset allocation has been established based on the principle that individual asset classes can be combined to optimize the objectives of the Fund. The goal of this strategic asset allocation is a Fund that is efficient, well diversified, and manageable over the long term. The benefits of this diversification are reduced risk and improved investment return." The Fund's asset allocation has a target allocation by asset category as follows:

- U.S. Stocks 51%
- Non-U.S. Stocks 21%
- Fixed Income 28%

IV. ACTUARIAL METHODS AND ASSUMPTIONS

Methods

The actuarial method for the determination of the status of the Fund consists of projecting future tuition rates and future utilization of these contracts. The value of future benefits and revenues are determined using the time value of money.

For the projection of future benefits, the analysis proceeds as follows:

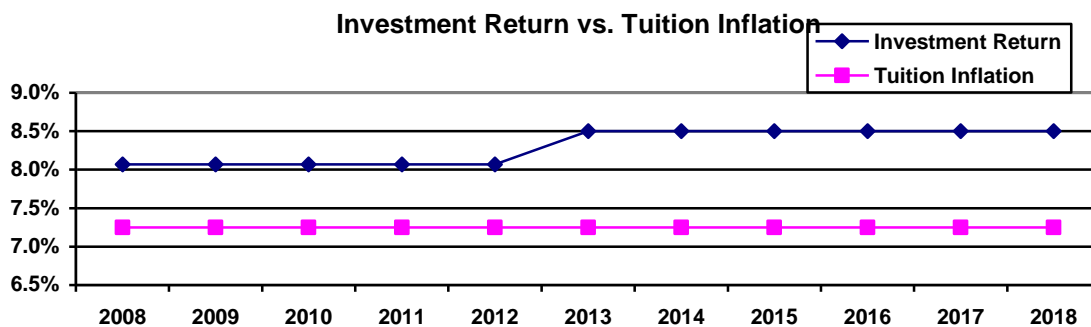
- Project future tuition rates for all years under consideration. Future tuition is based on the assumptions for tuition inflation.
- Determine the nominal cost of future use of contract benefits based on the assumptions regarding utilization of contracts and the length of time the average beneficiary will take to complete his college education.
- Determine the present value of future contract usage based on the investment yield assumptions.
- Perform projections for all of the Fund's beneficiaries to determine the status of the Fund.

Assumptions

Actuarial assumptions used to determine financial status of the Fund are of two general types: economic and demographic. Demographic assumptions determine the expected exposure to financial claims and generally answer the question “How and when will people use their contract?” Economic assumptions are concerned with the expected level of contract usage and answer the question “What is the expected value of contract usage?” The assumptions that we used were those that were approved by the PACT Board in consultation with Actuarial Resources Corporation.

Economic Assumptions

Economic assumptions are used to estimate the annual tuition rates at two and four-year colleges and Fund earnings on assets invested. The single most important indicator of the financial viability of the Fund is the relationship between projected investment returns and the projected tuition increases. The chart below shows the relationship over time of the investment return rates versus the tuition rates.



The following paragraphs describe the economic assumptions used in this study.

Annual Tuition Rates

Our assumptions for tuition were guided by our observations of historic increases, trends in appropriations for higher education and by statistical modeling. Our assumptions are shown below.

Tuition Inflation	
2-Year colleges	7.25%
4-Year colleges & universities	7.25%

We note that for 2-Year Colleges, tuition and fees are set by the Alabama State Board of Education, acting as the trustee for Alabama’s 2-year colleges. For 4-Year Colleges & Universities, tuition and fees are determined independently by each institution’s Board of Trustees.

Tuition Bias Toward Higher Cost Institutions

The Weighted Average Tuition ("WAT") is used to determine projected tuition payouts. Because purchasers have the opportunity to use the benefits at a school with tuition higher than the WAT, we have included an adjustment factor in our projections to account for this.

Bias Toward Higher Cost Institutions Factors	
Four-year universities	11.0%
Two-year colleges	3.0%

Fund Earnings Rate

Our assumption for investment returns is based on information supplied to us by the Fund's investment consultant, Callan Associates, Inc. Callan has informed us that their best estimate of likely returns over the next five years is 8.07%. Beyond five years, the assumption is based on historical norms and the Fund's historical results.

Investment Returns		
2007/08 – 2011/12	(5 years)	8.07%
2012/13 & later		8.50%

These returns are net after investment expenses.

Annual Expenses

As in prior years, we assume that all of the Fund's expenses are paid from the administrative fees assessed on contracts. Beginning in 2006, investment income is transferred to the Administrative Account for current liquidity needs including tuition benefits and expenses.

Demographic Assumptions

The demographic assumptions used in this report are based on our experience with similar types of liabilities. Our choice of assumptions is based on recent experience, historical data of the Fund and our best estimates as to future events. These assumptions are as follows:

Contract Terminations Due To Mortality and Disability

We assumed no contract terminations due to death or disability.

Other Contract Cancellations

We assumed that contracts would cancel according to the table below.

Contract Cancellation Table			
Type of Payment=>	Lump Sum	60 Monthly Payments	Extended Monthly Payments
Year of purchase	0.50%	5.00%	6.00%
Year of purchase+1	0.50%	2.00%	5.00%
Year of purchase+2	0.50%	1.00%	4.00%
Year of purchase+3	0.50%	1.00%	4.00%
Year of purchase+4	0.50%	1.00%	3.00%
Thereafter	0.50%	1.00%	2.00%

Utilization of Benefits

We assume that beneficiaries will enroll in college at the date indicated as their anticipated college entrance date.

We assume that the average beneficiary will use 128 credit hours and 8 semester fee payments according to the following table. This assumption is based on the Fund's experience to date for beneficiaries who have completed their contract usage either through graduation, depletion or expiration.

Timing	Credit Hours	Fee Usage
Year 1	30	2 semesters
Year 2	30	2 semesters
Year 3	30	2 semesters
Year 4	30	2 semesters
Year 5	8	Nil

For contracts that are past the projected completion date, we assumed that their remaining benefits would be paid according to the schedule above beginning in the current academic year. For contracts that are past their anticipated entrance date, but not yet past their projected completion date, we assumed that their remaining benefits would be paid over the remaining period until their projected completion date.

Within an academic year, contract usage is assumed to be 45% for the fall semester, 45% for the spring semester and 10% for the summer semester. Payment dates are assumed to be November 1 for fall semester, March 1 for spring semester and August 1 for summer semester.

Two-Year College Participation

We assumed that during the course of benefit usage, 10% of beneficiaries would attend two-year colleges. Projected benefit payments reflect the mix of two-year and four-year tuition costs.

V. CHANGES IN ACTUARIAL ASSUMPTIONS FOR 2007

We made three changes to the assumptions used in projecting the status of the Fund. These changes are conservative when considered in aggregate. That is, they cause the actuarial deficit to be larger than it would have been without these changes. These changes are discussed below. These assumption changes that we made were those that were approved by the PACT Board in consultation with Actuarial Resources Corporation.

Changes in Investment Returns

We updated the assumption for investment returns based on the recommendation of the Fund's asset consultant. Current and prior assumptions are shown below.

Current Assumption	Prior Assumption
8.07% through 2011/12	7.92% through 2010/11
8.50% thereafter	8.50% thereafter

Change in Bias To Higher-Cost Institutions

We revised the assumptions to better reflect actual experience of the Fund.

Current Assumption	Prior Assumption
11.0% for 4-year schools	8.0% for 4-year schools
3.0% for 2-year schools	3.0% for 2-year schools

Change to 2-Year College Participation

We revised the assumptions to better reflect actual experience of the Fund.

Current Assumption	Prior Assumption
10% in Year 1	17.5% in Year 1
10% in Year 2	17.5% in Year 2
10% in Year 3	0% in Year 3
10% in Year 4	0% in Year 4
10% in Year 5	0% in Year 5

Dollar Effect of Change in Assumptions

The effect of these changes is as follows:

•Investment returns:	\$ 1,676,925 increase to deficit
•Bias to Higher-Cost Institutions:	\$20,672,644 increase to deficit
•Change in 2-Year College Participation	\$10,708,543 decrease to deficit
•Aggregate change:	\$11,641,026 increase to deficit

If assumptions had been the same as last year, the Program's deficit would have been:

(\$8,100,654)

VI. STATUS OF THE FUND AS OF SEPTEMBER 30, 2007

In determining the status of the Fund, we estimated the future disbursements for higher education expenses of beneficiaries and refunds for terminated contracts. We also projected the future assets based on current assets and expected earnings on assets. We believe these estimates are reasonable based on the information available and our past experience and judgment.

The estimates of the prospective assets and liabilities of the Fund are summarized in the table on the following page and demonstrate the financial position of the Fund. The value of all assets including future contract payments is \$951,857,490 while the expected value of all liabilities is \$971,599,170. The resulting actuarial deficit is \$19,741,680.

The actuarial status will change from year to year due to positive and negative cash flows and due to the change in the present value of future contract usage and expense payments because of the passage of time. The actuarial status will also change due to the variance of experience from the assumptions. These variances include tuition increases, investment income, and expenses.

Finally, the status will also change due to the growth of the program and due to updates to assumptions reflecting the Fund's emerging experience. The changes for the year ending September 30, 2007 are summarized in the table below.

Annual Change of Status	
Status at September 30, 2006	(\$60,536,012)
Projected Change to September 30, 2007	(4,794,452)
Effect of New Contracts	5,181,235
Gain from Favorable Tuition Inflation	7,493,680
Gain due to Favorable Investment Experience	46,111,959
Change in Assumptions	(11,641,026)
Other	<u>(1,557,064)</u>
Actuarial deficit at September 30, 2007 ¹	<u><u>(\$19,741,680)</u></u>

¹ Based on assumptions described above. Assumptions will change over time as experience becomes more credible.

The table below presents the Fund's projected assets, projected cash flows, projected investment income and projected funded status. These projections are as-of September 30, 2007, and are based on the contracts in place at that time. The effects of future contract sales are not included.

Fiscal Year Ending	Payments Into Trust Fund	Payments Out of Trust Fund	Investment Income	End of Year Assets Held	Assets Held Plus Contract Revenue	End Of Year Liabilities	Funded Ratio
2007				898,548,289	951,857,490	971,599,170	97.6%
2008<1>	18,850,607	209,219,375	58,957,143	767,136,663	804,958,526	826,293,359	97.4%
2009	10,476,282	96,512,689	57,000,789	738,101,045	768,032,740	791,089,294	97.1%
2010	8,279,997	86,352,522	55,115,767	715,144,287	738,841,774	763,758,992	96.7%
2011	6,481,739	89,655,081	52,988,072	684,959,017	703,799,939	730,727,976	96.3%
2012	4,877,513	92,807,151	50,308,940	647,338,319	662,598,208	691,699,338	95.8%
2013	3,990,600	95,594,647	49,571,014	605,305,286	617,685,361	649,260,087	95.1%
2014	3,409,172	96,426,986	45,909,615	558,197,087	568,060,828	602,319,407	94.3%
2015	2,873,299	95,085,451	41,952,020	507,936,956	515,631,157	552,801,714	93.3%
2016	2,378,557	93,455,167	37,747,843	454,608,188	460,465,733	500,795,788	91.9%
2017	1,945,426	90,268,522	33,372,376	399,657,468	403,975,551	447,733,661	90.2%
2018	1,564,793	86,585,136	28,896,575	343,533,700	346,579,953	394,057,502	88.0%
2019	1,218,022	83,864,012	24,273,542	285,161,252	287,190,100	338,703,240	84.8%
2020	918,997	80,711,183	19,477,172	224,846,238	226,084,609	281,976,367	80.2%
2021	651,921	75,793,839	14,627,421	164,331,740	164,991,394	225,633,951	73.1%
2022	401,876	69,654,206	9,828,788	104,908,198	105,201,970	170,999,144	61.5%
2023	216,053	59,803,470	5,342,351	50,663,133	50,754,574	122,144,508	41.6%
2024	83,477	48,388,008	1,393,350	3,751,952	3,762,800	81,220,878	4.6%
2025	11,079	37,684,008	(1,960,031)	(35,881,008)	(35,881,008)	48,161,007	- 74.5%
2026	- 0 -	25,348,657	(4,600,166)	(65,829,831)	(65,829,831)	25,355,755	- 259.6%
2027	- 0 -	15,650,989	(6,555,941)	(88,036,760)	(88,036,760)	10,899,600	- 807.7%
2028	- 0 -	8,437,778	(8,011,591)	(104,486,129)	(104,486,129)	2,859,823	-3,653.6%
2029	- 0 -	2,616,536	(9,062,468)	(116,165,133)	(116,165,133)	305,224	-38,059.0%
2030	- 0 -	307,306	(9,897,898)	(126,370,338)	(126,370,338)	- 0 -	

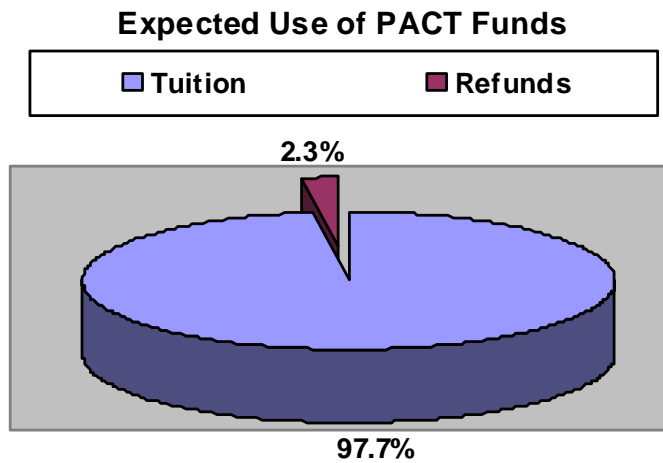
<1> Payments out of Fund include the reversal of liability for "Unsettled Purchases of Securities" as well as other accruals.

VII. EXPECTED USE OF FUNDS

The Fund, which is comprised of contributions, fees and all investment earnings, is expected to pay benefits in the following proportions:

- Tuition payments – 97.7%
- Payments of refunds to contract owners – 2.3%

These results are shown graphically below.



VIII. SENSITIVITY TESTING

We believe that when there is a significant amount of uncertainty about conditions prevailing in the future it is important to test the status of the Fund under other possible assumptions. In particular, we note that our assumptions are not certain due to the volatility of historic results and anticipated future results. Our assumptions were selected to represent our best judgment regarding the future, combined with some conservatism.

The tests given below are not intended to be representative of likely differences between actual events and assumptions; rather they are intended to demonstrate the extent of changes in the Fund's status for a given difference between actual and projected events.

We investigated the effect of variances in inflation, variances in investment yield, variance in bias toward higher-cost institutions and variance in expenses from those anticipated by the reported assumptions. For these projections, we assumed no future contract sales. These scenarios are described below.

- 1) Tuition inflation lower than baseline assumptions by 0.25% every year.
- 2) Tuition inflation higher than baseline assumptions by 0.25% every year.
- 3) Investment yields higher than baseline assumptions by 0.25% every year.
- 4) Investment yields lower than baseline assumptions by 0.25% every year.
- 5) Tuition inflation higher and investment yields lower than baseline assumptions by 0.25% every year.
- 6) Explicit provision for variable expenses combined with gross revenue rather than net revenue.
- 7) Investment return of 8.50% for all years.
- 8) No contract cancellations.

The deficit for each of these scenarios is shown below.

Sensitivity Testing Results		
<u>Scenario</u>	<u>Actuarial Deficit</u>	<u>Change From Reported</u>
1	(8,053,580)	\$11,688,100
2	(31,671,278)	(\$11,929,598)
3	(7,793,366)	\$11,948,314
4	(31,996,211)	(\$12,254,531)
5	(44,207,718)	(\$24,466,038)
6	(21,966,367)	(\$2,224,687)
7	(7,750,544)	\$11,991,136
8	(36,580,045)	(\$16,838,365)

IX. BREAK-EVEN RATES

Another way to characterize the existing deficit is to quantify the rate of investment income or the rate of tuition inflation that would produce break-even (that is, zero-deficit, zero-surplus). The investment break-even rate assumes that inflation remains at 7.25% in all years, while the tuition inflation break-even rate assumes that investment returns will be 8.07% for five years, then 8.50% thereafter.

Investment return break-even rate:	8.66%
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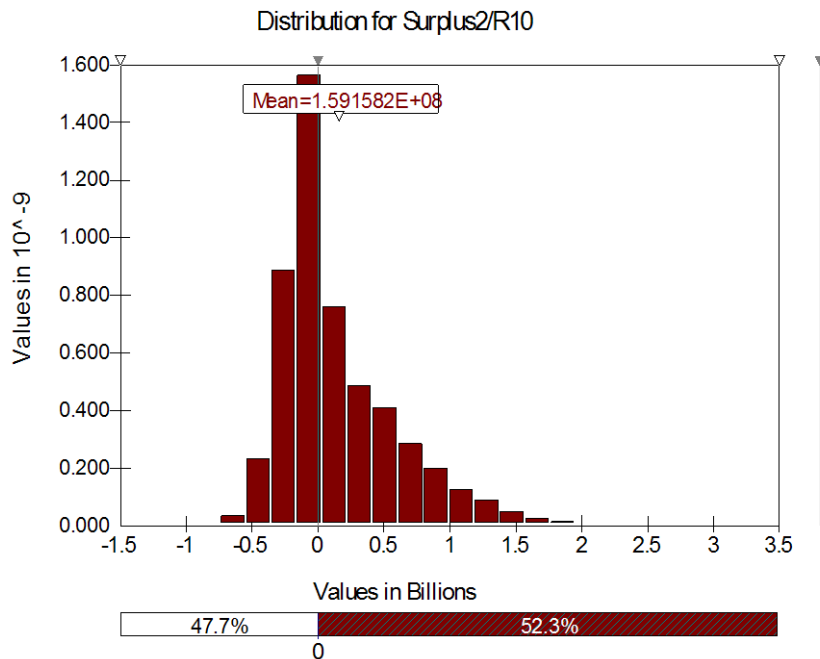
Tuition inflation break-even rate:	6.82%
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X. STOCHASTIC ANALYSIS

We have retained the same model for stochastic projections as we used last year. We have updated the beginning values to reflect 2007 actual results, but otherwise have left the same structure and parameters in place.

As in prior years, we ran 10,000 scenarios with varying tuition inflation and investment returns. The results are summarized in the table below and in the chart immediately following.

Proportion with positive Actuarial Reserve	52.3%
25% of results are better than:	382,462,016
50% of results are better than:	15,770,877
75% of results are better than:	(138,290,352)
Largest Actuarial Reserve	3,115,273,216
Smallest Actuarial Reserve	(1,119,784,192)
Mean Actuarial Reserve	159,158,205



The most important measures from the table immediately above are the Proportion with positive Actuarial Reserve and the 50% Results. The Proportion with positive Actuarial Reserve probability of 52.3% indicates that there is slightly better than a break-even likelihood that the Program will have a surplus.

The 50% Results measure is a “best-estimate” measure of results. If our assumptions are neither conservative (that is they understate results) nor aggressive (that is they

overstate results) then the 50% Results measure should be close to our projected result of \$19,258,141. The table above indicates that our assumptions are conservative.

The Smallest Actuarial Reserve indicates what happens if economic events continue adversely for the lifetime of the current contracts –high tuition increases, coupled with negative returns in the equity market until the end of the projection horizon. On the other hand, the Largest Actuarial Reserve indicates what happens if economic conditions are favorable for the remaining lifetime of the current contracts.

Appendix A – Development of Weighted Average Tuition for Four-Year Schools

Weighted Average Tuition 4-Year Schools – Tuition & Fees

	Annual Tuition & Required Fees @ 15 Hours per Semester								
	2003-04	Increase	2004-05	Increase	2005-06	Increase	2006-07	Increase	2007-08
Alabama A&M University	\$4,060	-0.2%	\$4,050	0.0%	\$4,050	0.0%	\$4,050	11.9%	\$4,530
Alabama State University	3,600	11.3%	4,008	0.0%	4,008	0.0%	4,008	12.5%	4,508
Athens State University	3,570	8.4%	3,870	0.0%	3,870	0.0%	3,870	4.7%	4,050
Auburn University	4,666	8.6%	5,068	4.1%	5,278	4.1%	5,496	6.1%	5,836
Auburn University at Montgomery	4,130	7.5%	4,440	4.1%	4,620	2.6%	4,740	5.3%	4,990
Jacksonville State University	3,550	13.8%	4,040	0.0%	4,040	25.5%	5,070	0.0%	5,070
Troy State University< ¹ >	3,842	2.7%	3,946	4.0%	4,104	0.0%	4,104	3.9%	4,264
Troy State University Dothan< ¹ >	3,842	8.3%	4,162	3.8%	4,320				
Troy State University Montgomery< ¹ >	3,600	8.9%	3,920	4.7%	4,104				
University of Alabama	4,134	12.0%	4,630	5.1%	4,864	8.5%	5,278	8.0%	5,700
University of AL at Birmingham	4,274	-1.6%	4,204	2.9%	4,324	0.0%	4,324	7.7%	4,658
University of AL at Huntsville	4,126	9.5%	4,516	3.8%	4,688	3.4%	4,848	7.6%	5,216
University of Montevallo	4,784	12.8%	5,394	3.5%	5,584	0.0%	5,584	7.4%	6,000
University of North Alabama	3,668	3.5%	3,798	7.1%	4,068	6.6%	4,338	9.3%	4,740
University of South Alabama	3,770	7.7%	4,060	3.2%	4,190	0.0%	4,190	7.4%	4,500
University of West Alabama	3,728	3.2%	3,846	2.9%	3,958	0.0%	3,958	6.8%	4,228
Totals:	\$4,071	7.3%	\$4,369	3.3%	\$4,514	4.2%	\$4,703	6.6%	\$5,015

<1> Troy State Dothan and Troy State Montgomery were merged with Troy State University in June 2005.

**Weighted Average Tuition
4-Year Schools - Headcount**

	Resident Enrollment Headcount			Average 043 - 06	Percent Of Total
	Fall '04	Fall '05	Fall '06		
Alabama A&M University	4,177	3,996	3,908	4,027	3.7%
Alabama State University	4,149	4,029	3,935	4,038	3.7%
Athens State University	2,461	2,488	2,640	2,530	2.3%
Auburn University	15,322	15,435	15,514	15,424	14.3%
Auburn University at Montgomery	4,903	4,909	4,904	4,905	4.6%
Jacksonville State University	7,660	7,600	7,474	7,578	7.0%
Troy State University<1>	11,092	11,153	12,344	11,530	10.7%
Troy State University Dothan<1>	0	0	0	0	0.0%
Troy State University Montgomery<1>	0	0	0	0	0.0%
University of Alabama	16,270	16,943	18,176	17,130	15.9%
University of AL at Birmingham	14,600	14,528	14,288	14,472	13.4%
University of AL at Huntsville	5,661	5,952	6,033	5,882	5.5%
University of Montevallo	2,947	2,883	2,766	2,865	2.7%
University of North Alabama	4,440	4,692	4,848	4,660	4.3%
University of South Alabama	10,936	10,450	10,178	10,521	9.8%
University of West Alabama	1,858	2,105	2,443	2,135	2.0%
Totals:	106,476	107,163	109,451	107,697	100.0%

<1> Troy State Dothan and Troy State Montgomery were merged with Troy State University in June 2005. Headcounts for 2003 and 2004 for both merged campuses have been added to those of Troy State University.

Appendix B - Payments by School for Academic Year 2006/07

Alabama Public Four-Year Universities

School	Number of Enrollments	Semester Hours	% of Total Hours	Fees Paid	Tuition Paid	Total of Tuition and Fees Paid	Average Paid Per Semester Hour	
							Actual	Projected
Alabama A&M University	106	1,374	0.66%	6,600.00	178,620.00	185,220.00	134.80	156.77
Alabama State University	101	1,243	0.60%	- 0 -	171,676.00	171,676.00	138.11	156.77
Athens State University	113	1,128	0.54%	12,276.00	125,208.00	137,484.00	121.88	156.77
Auburn University	5,277	65,521	31.47%	- 0 -	13,825,023.93	13,825,023.93	211.00	156.77
Auburn at Montgomery	655	6,668	3.20%	15,180.00	1,039,487.85	1,054,667.85	158.17	156.77
Jacksonville State University	674	6,958	3.34%	- 0 -	1,168,318.00	1,168,318.00	167.91	156.77
Troy State University	869	9,347	4.49%	35,674.30	1,420,375.88	1,456,050.18	155.78	156.77
Troy State - Montgomery	85	737	0.35%	3,100.00	121,846.00	124,946.00	169.53	156.77
University of Alabama	5,327	65,726	31.57%	- 0 -	13,077,076.95	13,077,076.95	198.96	156.77
University of Al. - Birmingham	1,527	17,745	8.52%	189,184.31	2,364,293.31	2,553,477.62	143.90	156.77
University of Al - Huntsville	629	6,883	3.31%	- 0 -	1,169,564.00	1,169,564.00	169.92	156.77
University of Montevallo	615	6,392	3.07%	22,335.50	1,162,553.61	1,184,889.11	185.38	156.77
University of North Alabama	512	6,159	2.96%	97,432.00	817,826.00	915,258.00	148.60	156.77
University of South Alabama	943	10,950	5.26%	124,533.97	1,402,721.00	1,527,254.97	139.48	156.77
University of West Alabama	111	1,367	0.66%	5,220.00	193,248.00	198,468.00	145.19	156.77
				- 0 -				
Grand Total	17,544	208,197	100.00%	511,536.08	38,237,838.53	38,749,374.61	186.12	156.77
Ratio of Actual to Projected								118.72%

Alabama Public Two-Year Colleges

School	Number of Enrollments	Semester Hours	% of Total Hours	Fees Paid	Tuition Paid	Total of Tuition and Fees Paid	Average Paid Per Semester Hour	
							Actual	Projected
Alabama Southern	43	496	1.10%	8,721.00	35,501.00	44,222.00	89.16	92.17
Bevill State	173	1,683	3.74%	27,093.00	122,796.00	149,889.00	89.06	92.17
Bishop State	59	533	1.18%	7,828.00	39,116.00	46,944.00	88.08	92.17
Calhoun State	668	5,920	13.15%	118,824.00	433,304.00	552,128.00	93.26	92.17
Central Alabama	76	814	1.81%	14,573.00	58,212.00	72,785.00	89.42	92.17
Chattahoochee Valley State	44	319	0.71%	5,148.85	22,839.00	27,987.85	87.74	92.17
Enterprise-Ozark	109	1,183	2.63%	20,239.89	85,494.00	105,733.89	89.38	92.17
Faulkner State	229	2,347	5.21%	42,900.00	172,599.00	215,499.00	91.82	92.17
Gadsden State	263	2,640	5.86%	45,220.00	187,440.00	232,660.00	88.13	92.17
Jefferson Davis	25	306	0.68%	5,586.00	21,954.00	27,540.00	90.00	92.17
Jefferson State	935	8,170	18.15%	208,759.94	597,132.00	805,891.94	98.64	92.17
Lawson State - Birmingham	84	858	1.91%	13,302.00	62,370.00	75,672.00	88.20	92.17
Lurleen B. Wallace	57	555	1.23%	8,569.00	40,146.00	48,715.00	87.77	92.17
Marion Military Institute	13	205	0.46%	4,199.00	39,000.00	43,199.00	210.73	92.17
Northeast Alabama	57	576	1.28%	9,960.00	41,713.00	51,673.00	89.71	92.17
Northwest Shoals	92	877	1.95%	18,650.00	63,236.00	81,886.00	93.37	92.17
Shelton State	577	5,256	11.67%	85,253.42	382,698.00	467,951.42	89.03	92.17
Snead State	142	1,438	3.19%	18,876.00	110,642.00	129,518.00	90.07	92.17
Southern Union State	548	6,223	13.82%	104,595.00	449,205.00	553,800.00	88.99	92.17
Wallace State - Dothan	121	1,212	2.69%	18,715.00	88,408.00	107,123.00	88.39	92.17
Wallace State - Hanceville	274	2,722	6.05%	38,475.00	199,551.00	238,026.00	87.45	92.17
Wallace State – Selma	106	692	1.54%	12,198.00	49,132.00	61,330.00	88.63	92.17
Grand Total	4695	45,025	100.00%	837,686.10	3,302,488.00	4,140,174.10	91.95	92.17
Ratio of Actual to Projected								99.76%

Alabama Public Technical Colleges

School	Number of Enrollments	Semester Hours	% of Total Hours	Fees Paid	Tuition Paid	Total of Tuition and Fees Paid	Average Paid Per Semester Hour	
							Actual	Projected
Drake State Technical College	19	216	30.99%	3,115.70	15,564.00	18,679.70	86.48	92.17
Reid State Technical College	6	73	10.47%	1,045.00	5,183.00	6,228.00	85.32	92.17
Trenholm State Tech College	43	408	58.54%	5,742.00	29,671.00	35,413.00	86.80	92.17
Grand Total	68	697	100.00%	9,902.70	50,418.00	60,320.70	86.54	92.17
Ratio of Actual to Projected								93.89%

Summary – All Categories

School	Number of Enrollments	Semester Hours	% of Total Hours	Fees Paid	Tuition Paid	Total of Tuition and Fees Paid	Average Paid Per Semester Hour	
							Actual	Projected
Alabama 4-Year Universities	17,544	208,197	66%	511,536.08	38,237,838.53	38,749,374.61	186.12	156.77
<i>Alabama 2-Year Schools</i>								
Community Colleges	4,695	45,025	14%	837,686.10	3,302,408.00	4,140,094.10	91.95	92.17
Technical Schools	68	697	0%	9,902.70	50,418.00	60,320.70	86.54	92.17
Total 2-Year Schools	4,763	45,722	15%	847,588.80	3,352,826.00	4,200,414.80	91.87	92.17
<i>Out of State Schools</i>								
Community Colleges	213	2,261	1%	12,921.13	200,309.53	213,230.66	94.31	92.17
Technical Schools	101	1,235	0%	6,180.24	171,463.59	177,643.83	143.84	92.17
Public Universities	2,436	31,377	10%	145,783.59	4,536,530.98	4,682,314.57	149.23	156.77
Private Colleges	445	5,996	2%	28,264.85	872,987.63	901,252.48	150.31	156.77
Total Out of State	3,195	40,869	13%	193,149.81	5,781,291.73	5,974,441.54	146.19	151.24
<i>Alabama Private Schools</i>								
Community Colleges	9	52	0%	294.16	7,888.87	8,183.03	157.37	92.17
Technical Schools	76	592	0%	2,371.30	88,649.02	91,020.32	153.75	92.17
Universities	46	418	0%	2,271.64	62,641.68	64,913.32	155.30	156.77
Colleges	1,376	18,725	6%	84,840.15	2,785,342.19	2,870,182.34	153.28	156.77
Total Alabama Private	1,507	19,787	6%	89,777.25	2,944,521.76	3,034,299.01	153.35	154.67
Total 4-Year	21,847	264,713	84%	772,696.31	46,495,341.01	47,268,037.32	178.56	156.77
Total 2-Year	5,162	49,862	16%	869,355.63	3,821,137.01	4,512,949.81	90.51	92.17
Grand Total	27,009	314,575	100%	1,642,051.94	50,316,478.02	51,780,987.13	164.61	146.53

Resume of Robert B. Crompton, FSA, MAAA

Bob is a vice-president and consulting actuary in Atlanta office of Actuarial Resources. He coordinates all the services provided to the Board with respect to PACT.

Bob is a leading consultant in the prepaid tuition area. In addition to working with the PACT program, he also currently provides actuarial analysis for over 30% of the prepaid tuition programs in the United States, including:

- Colorado,
- Kentucky,
- Pennsylvania,
- South Carolina and
- West Virginia.

In addition, Bob has also worked with the prepaid tuition programs in Florida, Mississippi and Texas.

Bob's specific assistance to prepaid tuition plans includes the following:

- assisting with plan design;
- assisting with setting appropriate actuarial assumptions;
- developing systems to perform necessary calculations;
- reviewing cash flows for appropriate investment strategy;
- preparing analyses of potential impact of fluctuations in tuition increase, investment income, and change in tax status; and
- presenting results to the program governing bodies.

Bob has published two articles specifically relating to prepaid tuition contracts, "Actuarial Issues for Prepaid Tuition Contracts," which was co-winner of the 1992 Actuarial Education and Research Fund's Practitioners Award and "Financing the Future Generations, An Examination of Prepaid Tuition Plans," published in the American Academy of Actuaries' magazine *Contingencies*.

Bob has over 25 years of actuarial experience. Prior to working at Actuarial Resources, Bob worked at Ernst & Young for 14 years. Bob is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He has a Bachelor of Science degree in Economics from Harding University.